SEC. 126. SANCTIONS FOR IMPROPER CONVEYANCES UNDER URBAN HOMESTEAD PROGRAMS.

(a) IN GENERAL.—Section 810 of the Housing and Community Development Act of 1974 is amended by adding at the end the following new subsection:

42 USC 5706e.

State and local

"(m) If the Secretary determines that any property transferred for use under an urban homestead program under this section has been conveyed or used under the program in a manner contrary to the provisions of this section, the Secretary may take action as the Secretary considers appropriate, including taking any of the following actions:

"(1) The Secretary may impose a civil penalty on the unit of general local government or the State or the qualified community organization or public agency designated by a unit of general local government, or the transferee of such entity, as appropriate, in an amount not less than any profit realized with respect to the conveyance or use of the property contrary to the provisions of this section.

"(2) The Secretary may revoke the conveyance of the property pursuant to subsection (b)(4) and revoke the transfer of the property to the unit of general local government or State or the qualified community organization or public agency designated by a unit of general local government, except that the Secretary may not revoke the conveyance of any property under this paragraph if the Secretary determines that the conveyance was made to an individual or family who has substantially complied with the requirements of this section for participation in an urban homestead program and who has no knowledge of the conveyance or use of the property contrary to the provisions of this section. If any tenants of any property for which a conveyance is revoked under this paragraph would be displaced by such revocation and the Secretary determines that the tenants are not responsible for or involved in the actions for which the revocation has been imposed, the Secretary shall, if practicable, take actions that would allow the tenants to remain on the property and maintain the property under an urban homestead

program."

12 USC 1706e (2) CONFORMING AMENDMENT.—Section 810(bX4) of the Housing and Community Development Act of 1974 is amended by inserting before the semicolon at the end the following: "or by the Secretary under subsection (mX2)".

(3) APPLICABILITY.—The amendments made by this section shall apply to any property transferred for use in an urban homestead program under section 810 of the Housing and Community Development Act of 1974 after January 1,1981.

SEC. 127. REFORM OF MODERATE REHABILITATION PROGRAM.

Section 8(eX2) of the United States Housing Act of 1937 is 42USCi437f. amended—

(4) by striking the period at the end of the first sentence and inserting the following: ", and which shall involve a minimum expenditure of $3,000 for a unit, including its prorated share of work to be accomplished on common areas or systems/';

(5) by inserting after the period at the end the following new sentence: "In order to maximize the availability of low-income housing, in providing assistance under this paragraph, the Secretary shall include in any calculation or determination regard-